


| | | | | | | | | |
|---|------------|--------|------|---------|----------|-------|--------|---------|
|  | Williamson | Willet | Tage | Swanson | MacGrath | Lusin | Hayman | Arneson |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

TITLE: EAST WILLSON REQUEST FOR INTEREST RESULTS AND APPROVAL OF NEXT STEPS

CATEGORY: ACTION ITEM - SINGULAR

ORIGINATED BY: Kevin Barre, Facilities Director

OTHERS INVOLVED: Steve Johnson, Deputy Superintendent Operations, Courtney Kramer, City of Bozeman

DATA EXPANSION: Four RFI Responses

COST/FUND SOURCE: N/A

IMPLEMENTATION

ACTION: High School District ACTION
Effective October 8, 2012

ISSUE:

This is a time for the Board of Trustees to review and discuss the Request for Information (RFI) submissions and approve which respondents will be considered for the next steps of presenting more detailed project and purchase proposals.

FACTS:

1. On June 11, 2012, the Board discussed the history and updated cost information regarding the potential options for the disposition of East Willson: No Action, Renovate & Use, Sell or Demolish.
2. On that same date, the Board reviewed the May 2012 East Willson School Planning Study that updated prior cost information related to the above option categories.
3. On August 21, 2012 the Board reviewed a draft Request for Interest document to solicit interest from public/private entities for the purchase, renovation and reuse of East Willson.
4. On August 26, 2012 an advertisement was placed in the Bozeman Chronicle for the Request for Interest to Purchase East Willson School For the Purpose of Renovation and Reuse. Responses were due September 14, 2012. Five responses were received by the deadline and one was subsequently withdrawn by the respondent.

SUPERINTENDENT’S RECOMMENDATION:

It is recommended the Board approve all respondents, to proceed to the next step to complete feasibility studies, that they provide monthly reports to the District on progress/project viabilities, that the Board not finalize an agreement with any respondent until all feasibility studies are complete and that the Board establish the date of January 31, 2013, as the target feasibility completion date.

OTHER ALTERNATIVES:

Advertise for additional interest, approve/disapprove different applications or reject all applicants.

DISCUSSION:

In addition to the advertisement in the Bozeman Chronicle, the District sent the RFI package to various entities that had expressed interest in the past or contact information provided by Courtney Kramer from the City of Bozeman

Historic Preservation office. The RFI was ultimately distributed to approximately 15 entities. A copy is attached as a refresher of its contents.

At the August 21, 2012 Board meeting the RFI timeline indicated the results of the RFI process would be provided at this Board in order to make a determination of support for one or more RFI applicants such that they may proceed with other studies or financial planning to demonstrate they have a viable project. Below is a summary of the applications received:

Bridger Builders

Their proposal would transform East Willson into a “tasteful and historically respectful condominium project”. The timing indicated in their proposal would take about 3 months for an architectural/engineering team to determine the facility condition to further evaluate the financial feasibility of the project.

Human Resources Development Council District (HRDC) IX/Homeward, Inc.

Their proposal would transform East Willson into 34 units of affordable rental housing. Some of the property adjacent to Emerson would be explored for parking needs. The timing of the proposal would be:

Several months of due diligence

April 2013 – submit for grant for feasibility study

January 2014 – submit tax credit funding application

2016 – Project completion, dependent upon the above approvals/viability of project

The Englewood Group

Their proposal would transform East Willson into 24 – 30 units of affordable rental housing. Some of the property adjacent to Emerson would be explored for parking needs. The timing of the proposal would be:

4 to 6 weeks – feasibility study

2 months – secure financing/develop tax credit application

January 2013 – submit tax credit funding application

April 2013 – If application is approved, negotiate for cash purchase of East Willson

Summer 2014 – construction complete

McCarthy Properties, LLC

Their proposal would transform East Willson into 20 – 30 rental apartment units. The timing of the proposal would be:

3 months – feasibility study

2 months – complete construction documents

1 month – secure financing

1 year - construction

The above proposals cover a wide range of redevelopment options for Board consideration and discussion: condominium, apartment and low income rental housing. The RFI issued by the District did not specify any criteria the Board would utilize in their evaluation other than compatibility with existing West Willson operations and consistent with the City of Bozeman downtown redevelopment goals. In reviewing the proposals the following observations are provided for the Board’s consideration:

- All of the redevelopment proposals struggle with the issue of providing parking for their developments and use of some portion of the land south of Babcock owned by the District might be necessary for the viability of most, if not all of the proposals. Bridger Builders would explore the utilization of the basement of East Willson for underground parking.
- The proposals from HRDC and The Englewood Group are for the same reuse of affordable rental housing. The Englewood Group would attempt to make the January 2013 tax credit application cycle, otherwise they would be on the same schedule as HRDC waiting until April 2014 for the results of the tax credit application.
- Bridger Builders and McCarthy Properties, LLC have shorter timelines for completion of activities if the projects are viable and may have more straightforward purchase means.

- Completion of feasibility studies to determine viability of the projects will take from 1 ½ to 4 months to complete, but there would be additional 2 to 6 months to secure financing. So the overall process could take up to 10 months if the Board was going to wait for all viable proposals.

Recommendations

1. It is recommended that all of the RFI applicants be approved to proceed with development of their proposals.
2. It appears most feasibility studies would be complete anywhere from 6 weeks to 4 months. Information from the proposals will reach the District at varying times and a solid proposal, including purchase terms, may be received prior to finalization of other proposals. It is recommended the Board not approval any final offers until all applicants have had an opportunity to complete their feasibility study. It is further recommended that the applicants provide the District monthly updates on the progress of their feasibility studies along with viability of their projects and that January 31, 2013, be established as a goal for their final completion. This date is established as a target and could be changed as required such that all viable projects are fairly considered.
3. Administration will provide periodic updates to the Board regarding the status of the approved applicants.

Request for Interest to Purchase East Willson School
For the Purpose of Renovation and Reuse

Bozeman School District 7 (District) is currently accepting Requests for Interest from public/private organizations or individuals who might have a viable reuse project for East Willson School. It is the desire of the District that potential project scenarios are strictly for purchase, renovation and reuse such that it preserves the structure as a historic building, is compatible with the District's adjacent administrative use of West Willson, as well as the City of Bozeman's downtown redevelopment initiatives.

The Property was added to the National Register of Historic Places in 1987. The original building was built in 1902 as Gallatin County High School, designed by Helena architect C.S. Haire, who also designed the Bozeman Carnegie Library and Taylor Hall on the Montana State University campus. The building was added onto in 1917, designed by Fred Willson. In 1937, the Willson School was constructed and attached to East Willson. The East Willson disposal will require the building to be "unattached" from Willson School. This includes physical removal of the connector between the buildings, but also utilities that are provided from Willson School. The Property consists of the East Willson building and surrounding property, but does not include Willson School. Attached is a May 2012 report "East Willson School Planning Study", developed by Comma-Q Architecture that updated previous renovation studies. The report is attached to this RFI for informational purposes.

The purpose of this RFI is not to obtain extensive proposal packages, but to determine if there are applicants with serious interest in East Willson and discussions of their own process/time line needed to develop a more detailed proposal package if the Board were to approve this next step. Please address answers to the following questions in your RFI response package:

1. Provide your name, organization and contact information, including e-mail.
2. Responses are to be signed/dated.
3. Briefly describe your proposed project for East Willson. Include how this project will be compatible with the adjacent District administrative use of West Willson (including school/community use of the auditorium) and the City of Bozeman's downtown redevelopment initiatives. If known at this time, address parking needs and how they will be met.
4. Describe your experience in renovation of historic structures and obtaining necessary financing (loans, private financing or grants). Provide examples of successful projects briefly outlining the nature and purpose of the projects, the process used in developing/executing the projects and time line from inception to completion.
5. Financing
 - a. What financing mechanisms and/or sources of financing will be sought to implement your project.
 - b. If grants or other financing mechanisms are proposed, what are their application deadlines that would need to be considered in a full proposal process (application due dates, approval schedule, etc.)?
 - c. The District is open to outright purchase for cash or alternatives such as a land swap. How would you proposed to compensate the District for East Willson.
6. Should the Board select your RFI response individually or as one of several proposed projects to proceed to the next step of a complete proposal, how much time would be needed for:
 - a. Determining the feasibility of the proposal
 - b. To actually secure the financing needed to complete the project
 - c. To develop plans and secure any necessary governmental approvals
 - d. To complete the project.
7. Provide any additional information you feel the Board should consider.



Bridger Builders / 115 West Kagy / Bozeman, Montana 59715 / (406) 587-8544

Date: September 14, 2012

To: Bozeman School Board, Kevin Barre

From: Jim and Lois Syth, Bridger Builders
jimsyth@hotmail.com

Re: RFI of the East Willson School

We feel that the East Willson School has the potential to make a beautiful, elegant and gracious statement at the west entrance to Bozeman's downtown Main Street corridor.

In our plan, the East Willson School would be transformed into a tasteful and historically respectful condominium project. This building would become a complement to the greater Willson/Emerson Cultural Center, potentially housing some of those who are patrons of the arts which are presented there. We would hope for an elegant central lobby area which would lend itself to receptions which might be held before a significant cultural event.

Our plan would enhance, this architectural landmark in a manner respectful of Bozeman's rich architectural history and preserve its beautiful "bones". The original grand entrance and large windows throughout would be reinstated, and small-iron railed balconies would overlook Main Street. Beautiful landscaping with abundant flowers would draw attention to this building, which has been overlooked for so long.


Since moving to Bozeman in 1976, my wife and I have built a business, raised a family, and made Bozeman our home. I have been a member of the Board of Bozeman's Chamber of Commerce and the president of Southwest Montana Building Industry Association. Over the past 35+ years of building exceptional homes in Bozeman, my wife and I have earned a respected reputation both personally and professionally. Our Bozeman roots run deep, consequently the prospect of preserving and enhancing the East Willson School isn't "just another project" to us. We would consider it an honor to add the preservation of this Bozeman landmark to our professional legacy.

The reclamation of a historic building is not new to us, in that we recently were responsible for the renovation of the Sacajawea Inn in Three Forks. That building is on the National Register of Historic Places, so we were required to work with The State Historic Preservation Office as well as the Gallatin County Historic Preservation Board.. Our involvement included every facet of the job, from design concepts through all aspects of the renovation process... all accomplished "on budget" and "on time".

On the East Willson School project we are planning to ally ourselves with an architect with previous successful experience in the renovation, rejuvenation, and re-purposing of historic public buildings. We have already started that interview process and are impressed with that architect and the team of experts she brings with her. Their knowledge, experience, and the thoroughness of their approach is just what is required in a project such as this. *We need to elicit the expertise of this team to study and investigate the East Willson School building, and consequently help us explore the financial feasibility of this project.* The expected time frame to complete this study is anticipated to be about 90 days. We will be exploring several options for financing, however private money is most likely what we will use in order to expedite the process.

Our goal for this grand building is to ensure that it will always be a historical landmark and **aesthetic asset** to Downtown Bozeman.

Respectfully Submitted,



Jim Syth, Bridger Builders President

32 South Tracy · Bozeman, MT 59715
(406)587-4486 · fax (406)585-3538
(800)332-2796

.....
P.O. Box 1530 · Livingston, MT 59047
(406)222-0896 · fax (406)222-1232
(800)289-0896

September 14, 2012

Kevin Barre
Facilities Director
BSD7 Facilities
404 West Main Street
Bozeman, MT 59715

Dear Mr. Barre,

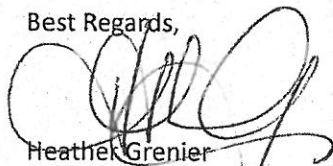
Enclosed you will find HRDC District IX, Inc. and Homeword, Inc.'s Request for Interest response to Purchase East Willson School For the Purpose of Renovation and Reuse into affordable housing for the Bozeman community.

I want to thank you personally for taking the time to allow myself and our Projects Manager to tour the historic East Willson School and learn your perspective.

HRDC and Homeword are committed to creating sustainable communities and feel that the East Willson School can provide long-lasting benefit to the Bozeman area and its residents. We look forward to the opportunity to continue this conversation into the feasibility phase.

Please feel free to contact me with any questions or concerns.

Best Regards,


Heather Grenier
Chief Operations Officer



HRDC provides essential services such as: · *Affordable Housing* · *Case Management* · *Community Development*
· *Emergency Services* · *Employment Assistance* · *Energy Assistance and Conservation* · *Gallatin Valley Food Bank* · *Head Start*
· *Home Health Care* · *Local Transportation* · *Community First Fund* · *Resource Property Management*
· *Retired and Senior Volunteer Program.*



Bozeman School District 7
Request for Interest to Purchase East Willson School
For the Purpose of Renovation and Reuse

1. Provide your name, organization and contact information, including e-mail.

Homeword, Inc.
1535 Liberty Lane, 116A
Missoula, MT 59808
406.532.4663
heather@homeword.org

Human Resource Development Council of District IX, Inc. (HRDC)
32 S Tracy Avenue
Bozeman, MT 59715
406.587.4486
hgrenier@hrdc9.org

Homeword, Inc. is committed to providing safe, healthy affordable housing using sustainable methods and promoting strong communities through housing counseling and education for those most in need. Homeword began as a project of WORD (Women's Opportunity and Resource Development, Inc.) in 1994, in response to the growing need for affordable housing in Montana. In 1998, Homeword became a separate 501(c)(3) non-profit organization with its own Board of Directors and is now regionally and nationally recognized for its sustainable affordable housing development and programming. Since 1995, we've developed or are developing 16 innovative affordable housing projects totaling 380 units in Missoula, Billings, Anaconda, Great Falls, Butte and Lewistown. Since 1997, our walk-in HomeOwnership Center (HOC) has served nearly 6,500 households, with 1/3 of homebuyer education clients purchasing their first home.

Our clients are as diverse as our state. We serve those working low-wage jobs, seniors on fixed incomes, individuals with disabilities, female-headed households, domestic violence survivors, veterans, and formerly homeless people, to name just a few. We work statewide and are committed to bringing our holistic approach to affordable housing to those communities most in need.

The Human Resource Development Council of District IX, Inc. (HRDC) was established in 1975 to serve Gallatin, Park, and Meagher Counties in Southwestern Montana. We are a private, not-for-profit Community Action Agency, dedicated to strengthening community and advancing the quality of people's lives. We work to achieve this by developing resources, talent and capital, to help people of all ages and situations confront and overcome obstacles so that they can improve their lives. We focus on seven strategic challenges and operate multiple programs to address these pressing human needs. We serve our community in these seven areas: Food and Nutrition, Housing and Homelessness, Child and Youth Development, Senior Empowerment, Community Transportation, Home Heating, Efficiency, and Safety, and Community and Economic Development. Through our programs, we foster sustainable results through practical, comprehensive approaches to social and economic challenges.

2. Responses are to be signed/dated.

Signatures are included at the conclusion of the proposal.

3. Briefly describe your proposed project for East Willson. Include how this project will be compatible with the adjacent District administrative use of West Willson (including school/community use of the auditorium) and the City of Bozeman's downtown redevelopment initiatives. If known at this time, address parking needs and how they will be met.

Homeword, Inc. and HRDC are proposing to develop the East Willson School property into affordable rental housing for households earning 40-60% of the area median income. The renovation of East Willson School into housing was found to be very compatible with the existing administrative use of West Willson during the 2001 RFI process. In general, the architectural layout of Schools lend themselves well to conversion to multi-family housing – wide corridors allow for accessible routes to dwelling units, while providing space for tenant storage and mechanical rooms. Classroom sizes typically allow for straightforward conversion to dwelling units, with relatively few structural changes. In this case, the peak areas of activity in housing are generally occurring at opposite times of the day from administrative offices. The administrative building has its heaviest use from 8:00-5:00 pm weekdays and housing generally has its heaviest use in the evenings and early mornings. In addition, housing generally has fewer per capita guests than commercial enterprises, reducing the impact of the housing inhabitants on the administrative use. The continued use of the adjacent auditorium by the school and community organizations would be an amenity for residential tenants. Residents with children in school and those who are members of the community will find the location convenient and beneficial. The proposed renovation would include removal of the corridor adjoining the West and East Willson School properties. Each property will need to ensure it achieves the necessary exiting and fire-life safety requirements independently to avoid potential complications with easements and cross-easements.

According to the Downtown Bozeman Improvement Plan:

"A healthy downtown must attract people to live, work and play. Housing plays a key role in this formula for success, since attracting more people to live downtown establishes a base to support downtown businesses, allowing retailers such as restaurants and other shops to thrive. Today, Downtown Bozeman includes only a small amount of housing, with a limited range of housing types. Nationally, market-rate residential development has been a powerful force in bringing new life and economic support to downtowns. This plan includes a preliminary examination of the downtown area through this lens, identifying opportunity areas, and testing the feasibility of these locations for a range of downtown residential development types. As mentioned previously, attracting downtown residential development to Bozeman can help accomplish many goals at the same time:

- provide a new use for many downtown properties currently underutilized;*
- increase the customer base for existing businesses and provide the spending power to attract new businesses and cultural activities; and*
- add more people downtown at all times of the day, increasing safety, and providing an expanded base of support for future improvements"*

"National trends showing a growing demand for downtown housing suggest a potential market exists in Bozeman. Numerous larger underutilized parcels in this area can be in-filled with primarily housing redevelopment. Potential downtown residents are a diverse group – from younger residents to empty nesters, demanding both rental and ownership housing, and express preferences for a range of housing types, from townhouses to multifamily dwellings, to rehabs of older buildings for lofts. Downtown Bozeman has the capacity for this and contains many of the amenities - including an attractive Main Street, cafes, shops and restaurants - that are drawing new residents to resurgent downtowns across the county."

“The “West Gateway” (Office and Mixed Use Development) area of Willson School and the Emerson Cultural Center are an important area that now seems somewhat ragged with parking lots, empty parcels, and vacant buildings. This area detracts from the image of downtown and needs major investment – both public and private. In addition, the streetscape should be enhanced with more trees, lighting, furnishings, and seasonal planting eventually connecting to the North 7th Avenue Connectivity Plan. New buildings should adhere to design standards that do not allow setbacks but place windows and doors on the sidewalk with parking lots prohibited along the street. There is a “suburban” look to this area that could be dramatically enhanced both in the short term with streetscape in the longer term with development.”

Parking : There exists a potential for a shared parking agreement and space from land currently owned by the Bozeman School District adjacent to the property and the Emerson Cultural Center. This could be feasible without impacting Bozeman’s Lunch on the Lawn and other various community activities enjoyed on the grass space adjoining the Emerson’s facility.

The proposed project would consist of approximately 34 units of housing, 10 units within the basement floor layout, 12 units within the main floor layout, an additional 12 units within the 2nd floor layout, and community room or potential loft units within the 3rd floor layout.

4. Describe your experience in renovation of historic structures and obtaining necessary financing (loans, private financing or grants). Provide examples of successful projects briefly outlining the nature and purpose of the projects, the process used in developing/executing the projects and timeline from inception to completion.

Homeword has participated in renovating three historic structures that have all been listed on the National Register of Historic Places, developing affordable rental housing. We have successfully navigated these structures through the change in occupancies, monitoring the historic character, receiving the NPS Part 3 Certification and accessing historic tax credits. These types of projects are ideal for pairing Historic Tax Credits (HTC) with Low Income Housing Tax Credits(LIHTC). The programs pair nicely together.

- The ACME Hotel in Billings, MT was a 3 story unreinforced masonry building, originally housing a railroad hotel and theatre in the early part of the century. The building had become vacant and fallen into disrepair, damaged by fire. Due diligence included structural, environmental and community needs assessments, ensuring an affordable housing project would be financially feasible up front, and more importantly, successful in long run in downtown Billings. This 19 unit project started with the earliest discussions in 2001 and continued until completion and full occupancy in 2004.
- The Lenox building in Missoula, MT constructed in 1911 as a hotel, eventually fell into disrepair and was vacant when Homeword was approached to consider its renovation. Homeword used an evaluation and financing package similar to that of the Acme to transform the building into 10 affordable housing units with offices on the main floor in downtown Missoula. This process took from 1997 to 2000 to complete in full.
- Ouellette Place in Lewistown, MT was constructed originally as a Nurses school and dormitory for the adjacent St. Joseph’s Hospital. When the hospital was closed, the dormitory was left vacant for many years. Many groups tried to redevelop, but while the hospital was redeveloped into market rate condos in the 1990’s, the Nurses quarters remained empty and languished. Finally after much work from the Housing Task Force and City of Lewistown, a local non-profit was formed (Lewistown Community Development Corporation - LCDC) and the feasibility began on converting the three story Nurses dormitory and constructing two new structures into a 24 unit affordable housing project. When LCDC’s

lack of experience prevented the final pieces from coming together on the project, in partnership, Homeward was able to step in during the financial challenges of 2008, to help secure the final pieces of financing to bring the project to fruition.

HRDC has participated in renovating two historic structures that have been listed on the National Register of Historic Places. One of those projects incorporates development of affordable housing and one project houses our program and administrative staff. Funding sources included Low Income Housing Tax Credits, Historic Tax Credits, and Housing and Urban Development Funding.

- Miles Building, Inc. in historic downtown Livingston was acquired by HRDC in 1999, pairing Low Income Housing Tax Credits and Historic Tax Credits. The facility was fully restored and 42 units of subsidized housing were added to the community inventory. In addition, storefront style retail office space was created. The process from acquisition to completion and occupancy took 4 years.
- The Original Post Office for Bozeman, MT, located at our current location of 32 S Tracy Avenue, was acquired by HRDC in 1998. Restoration was completed to provide a beautiful conference room and lobby, and more than 40 office spaces, allowing HRDC to provide a beautiful and welcoming environment for community members wishing to access our services. Acquisition, Renovation, and Rehab required 4 years.
- HRDC's Livingston Head Start facility also required historic preservation and renovation, resulting in the transformation of an historic church in Livingston into two Head Start classrooms, teacher offices, a licensed kitchen facility, and eating space for the children. The project took two years from inception to completion.

5. Financing

- a. What financing mechanisms and/or sources of financing will be sought to implement your project.**
 - b. If grants or other financing mechanisms are proposed, what are their application deadlines that would need to be considered in a full proposal process (application due dates, approval schedule, etc.)?**
 - c. The District is open to outright purchase for cash or alternatives such as a land swap. How would you proposed to compensate the District for East Willson.**
- a. With ACME, Lenox Flats and Ouellette Place, Homeward applied for and was awarded LIHTC's and HTC's, syndicating them with various equity partners and combined these dollars with HOME and CDBG funds along with various private foundation dollars. These projects are complicated in nature, but very rewarding when all the pieces can come together into one successful project. These same sources would be pursued for the East Willson project.
 - b. Most of these funding dollars and credits are available on an annual cycle. To apply for these resources, proper due diligence must be done on the structure, site and overall need to be successfully awarded. Homeward would propose conducting due diligence over the next months to apply for funds in next two years' funding cycles, ensuring the best opportunity for success. The full project could take up to two years to bring through a successful structuring, ensuring long term sustainability of the housing project.
 - c. Depending on what initial feasibility studies find, Homeward and HRDC would discuss the transfer of the property to the limited partnership formed to create the affordable housing project. Regardless, the land would have to be transferred to the partnership for an LIHTC project to work. If significant structural and abatement needs are uncovered, the project may not be feasible without help from the school district. This will be a piece of the conversation regarding feasibility of the project. A donation of property can be leveraged in requests for funds for affordable housing, so this will be an important

consideration. To provide sufficient parking, Homewood and HRDC would investigate purchasing available land from the School District in order to accommodate parking needs.

6. **Should the Board select your RFI response individually or as one of several proposed projects to proceed to the next step of a complete proposal, how much time would be needed for:**
- a) **Determining the feasibility of the proposal**
 - b) **To actually secure the financing needed to complete the project**
 - c) **To develop plans and secure any necessary governmental approvals**
 - d) **To complete the project.**

- a. The feasibility of the proposal would best be served by conducting a Preliminary Architectural and Engineering Review. Funding for this process would be applied for in the form of a Community Development Block Grant Planning Grant. The funding application deadline is April 2013. This report would provide necessary evidence of feasibility or non-feasibility and determine whether or not the project would continue into the next phase of securing funding.
- b. Financing would be applied for according to the annual cycle of issuance of tax credit funding, application would be prepared and submitted by January 2014.
- c. Architectural design would commence upon completion of the Preliminary Architectural and Engineering Review and would need to be included as part of the application for Tax Credit funding.
- d. Project completion, contingent on successful funding award, is estimated in 2016.

7. **Provide any additional information you feel the Board should consider.**

According to the City of Bozeman Affordable Housing Action Plan for 2012-2016, a key strategy is the creation of affordable housing for households earning 30-60% of the area median income as outlined in Strategy 4 of the Plan:

Goal: Over five years, build and rent 200 multifamily units using the federal Low-Income Tax Credit (LIHTC) and other federal subsidies to make rents affordable to households with incomes from 30% to 60% of AMI. The City will encourage and support projects that meet the City's criteria for quality and affordability. Encourage the inclusion of supportive housing units where feasible.

Implementers: For-profit and potentially nonprofit developers.

Considerations: Developers should seek federal HOME and CDBG subsidies, as well as assistance from the City's Workforce Housing Fund, to make some units affordable at 30% and 40% AMI. The City will use the evaluation criteria in Appendix B to determine whether to endorse applications for LIHTC, HOME and CDBG and to provide assistance from Workforce Housing Fund.

Further, HRDC has been successful in creating more than 200 units of affordable housing within our service area of Gallatin, Park, and Meagher counties beginning in 1995 and currently operates and manages just under 300 units of affordable housing, ensuring the preservation of the facility and the affordability.

Respectfully submitted,



Homeward, Inc.

Heather McMILIN, Housing Development Director
Printed Name/Title

September 14, 2012
Date



HRDC

Heather Grenier, Chief Operations Officer
Printed Name/Title

September 14, 2012
Date



Homeward
Sustainable Communities for All



Strengthening Community



RESPONSE TO REQUEST FOR INTEREST TO PURCHASE EAST WILLSON SCHOOL

Organization Contact Information

The Englewood Group
Attn: Nick Surak
860 E 86th Street, Ste 5
Indianapolis, IN 46240
317-663-7352 (phone)
317-846-4552 (fax)
nsurak@englewoodgroup.com

Description of Proposed Project

The location of this site and its extensive renovation needs lend themselves to adaptive reuse to affordable housing financed with Low Income Housing Tax Credits (LIHTC), either senior or family. Approximately 24-30 units could be accommodated on the three above-grade floors, with the basement reserved for community space, laundry, and other amenities. We do not anticipate any conflict with this proposed use and the West Willson site.

As the Downtown Bozeman Improvement Plan notes, the key to a vibrant downtown is density, and smaller family-owned businesses that thrive when the average single family home contained six residents are now struggling with households half that size. Conversion of this structure to multifamily would increase the number of downtown residents, and the Improvement Plan further specifies that the most likely downtown residents are either young persons aged 20-30 or those aged 60 or older who are retiring or downsizing. We feel that an adaptive reuse project at the East Willson school could easily capture either demographic, as both populations tend to have lower incomes that are suited to LIHTC housing's income restrictions and who value proximity to local services and amenities.

As we have discussed with Mr. Kevin Barre, a portion of the undeveloped parcel to the south of the site would represent an opportunity for surface parking. Given the downtown location, parking (and thus the amount of land that would need to be purchased and surfaced) could be limited to 1 to 1 or a similar ratio. We have found at our senior properties that only about 60% of the residents own an automobile, and if this were configured for a younger demographic it is increasingly common for young renters to forego cars in favor of walking or bicycles when living in an urban location.

Past Experience in Renovation and Obtaining Financing

The Englewood Group has developed approximately 70 affordable projects in multiple states with a variety of project types. Our first comparable project was a 2005 development that converted a historic school in Gas City, Indiana into 19 affordable senior units.



Also, this year we received an allocation of LIHTCs for the adaptive reuse of a historic 19th century church in downtown Indianapolis. This property will be converted into 24 family units. To give some indication of the level of support our application received, the City of Indianapolis alone had 20 LIHTC applications submitted, of which 5 were selected for tax credits. In the state as a whole, 70 applications were filed with only 14 receiving an allocation. Our application received the highest possible priority rating from the City, and had support from a wide range of stakeholders. As with the East Willson School site, this building has a variety of deficiencies that needed to be addressed to adapt it to multifamily use and we could apply the experience from that project directly to the East Willson site.

Financing

As discussed earlier in this document, the most likely financing vehicle for this project would be LIHTCs, and our business is built on our success at obtaining these tax credits for affordable housing. In the past ten years alone we have successfully won LIHTCs for 19 projects in the states of Indiana and Arizona, and are presently about to begin work on three new projects in these states, both family and senior.

The LIHTC process is highly competitive, and requires a high level of experience to achieve success. The State of Montana has one application round annually, which is held in January. To meet this timeline would require a fairly quick response from the Bozeman School District in terms of identifying the prospective purchases, as there is a substantial amount of due diligence to be conducted prior to submitting an application for credits in January 2013. We would anticipate that the purchase of the property would occur after notification of a successful LIHTC application, approximately April 2013. This would be an all cash transaction.

Once an allocation is received, it typically takes three to six months to syndicate the project with investors and begin construction. The construction period for a project of this type would most likely be a year, which would mean that the building would be ready for occupancy in the summer of 2014.

It is possible that additional sources may be required, but that would be driven by the purchase price of the building and associated parking area as well as a capital needs assessment that would establish the extend of renovations required. Typically these would be applied for through the Montana Housing Division concurrently with the request for LIHTCs.

If Englewood Is Selected to Submit a Complete Proposal

To submit an application for tax credits in the January 2013 round would require a fairly quick turnaround on the part of the Board. If this is not possible, we are open to waiting until the following year to submit an application for tax credits.

In general, the timelines are as follows:



Feasibility – approximately 4-6 weeks to conduct a thorough assessment of the structure and its needs, and to secure support from the City. This can run concurrently with the tax credit application's preparation.

Securing Financing – at a minimum, it takes approximately 2 months to put together an application for LIHTCs. This is due to required environmental reports, market studies, appraisals, and other 3rd party reports that require significant lead time.

Developing Plans/Governmental Approval – these steps would not be pursued until we received notification that our application for LIHTCs was successful. This would likely take 2 to 3 months.

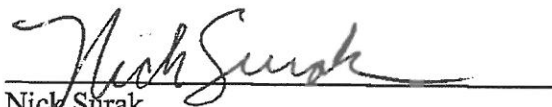
Complete the Project – if an allocation of tax credits is received in the spring of 2013, it is anticipated that the design, approval, and development process would take just over a year, with the project being completed in the summer of 2014.

Additional Information

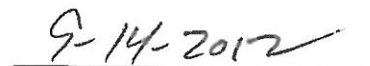
The Englewood Group is a family of companies that includes development, project design, general contracting, and property management. As a result, we are in control of the entire development process and subsequent project management, and this integrated approach yields efficiencies that cannot be matched in a more piecemeal approach. Our experience in multifamily development extends over 35 years and approximately 2,800 units over 70 projects.

Further, although we have yet to have built a multifamily project in Montana, the principals of the company have a two decades-long connection to the state. Englewood's founder owns property near Emigrant, and visits eight to twelve times a year for relaxation, visiting friends, and to tend to other local business interests. We would be delighted to have the opportunity to be able to apply our knowledge and success in real estate development to a project in a state that is a second home and that our families will enjoy generations from now.

Respectfully submitted by:



Nick Surak
Development and Acquisitions
The Englewood Group
www.engagewoodgroup.com


Date

Attachment: Englewood resume and project list

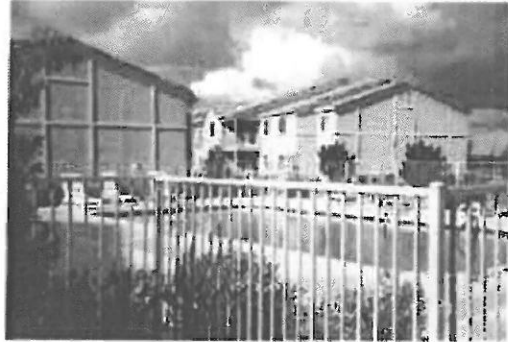


www.engagewoodgroup.com

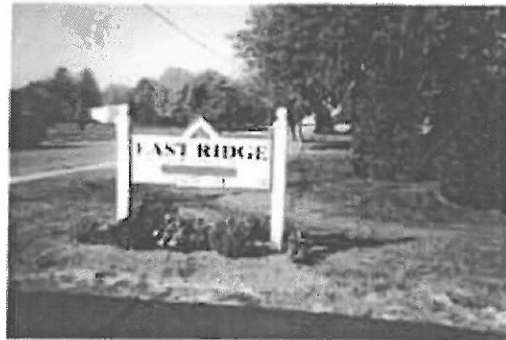
THE ENGLEWOOD GROUP

The Englewood Group is a family of companies based in Indianapolis, Indiana, with a satellite office location in Apache Junction, Arizona, offering land development, construction management, consulting, architecture and property management services. Our expertise encompasses all aspects of multi-family development.

Englewood Development Company, Inc. and its affiliated family of companies have been active in the development and construction of multi-family housing since 1974. To date, Englewood has developed over seventy (70) rental properties throughout Indiana, Illinois and Arizona and has completed over two thousand seven hundred (2,700) units. In addition, we have worked with sixteen (16) not-for-profits in bringing housing developments to their areas encompassing over one thousand one hundred (1,100) units.



Vasil Management Company, Inc. d/b/a Village Management Company is the property management agent for over sixty (60) properties containing in excess of twenty two hundred (2,200) units in its portfolio. Vasil is certified as a Women-owned Business Enterprise (WBE) in the state of Indiana.



Venture Design Group, LLC Offers design and planning services consisting of a culmination of over 35 years of proven solutions incorporating well-designed apartments, homes, successful site integration and quality construction standards.



Englewood Development Company, Inc. & Housing Directions, LLC

Development

Englewood Development Company, Inc. has been active in the development of multi-family housing projects for over thirty-five years. Based in Indianapolis, Indiana, Englewood also maintains an office location in Apache Junction, Arizona.

To date, Englewood and its affiliated companies (The Englewood Group) have developed over seventy (70) rental properties throughout Indiana, Illinois and Arizona. Currently, Englewood has completed over two thousand seven hundred (2,700) units with one hundred fifty-five (155) units under construction or scheduled for completion in 2012.

The Englewood Group's development team provides a broad base of experience in all aspects of multi-family development. Numerous sources of funding have been utilized for the development of affordable housing, such as Rural Development (formerly Farmer's Home) loan programs, the Low Income Housing Tax Credit, the HOME Investment Partnership Program, the Affordable Housing Program offered through the FHLBank Network and various state and local financing programs.

In addition to the development of affordable housing, Englewood has developed two (2) market-rate apartment projects and a medical office complex in the Indianapolis metropolitan area.

Development & Consulting

Housing Directions, LLC is an affiliate of Englewood Development Company and is responsible for development in the state of Indiana for both its parent company and non-profit clients. Housing Directions has developed one hundred and eighty-two (182) units for its parent company and eighty (80) units in partnership with non-profit clients. Housing Directions works with non-profit organizations seeking to own, develop, and in some cases, manage affordable housing communities and also provides comprehensive development consulting services that encompass the entire development process from site selection through construction and lease-up. Housing Directions is certified as a Women-owned Business Enterprise (WBE) in the state of Indiana.



Home One Development & Mountain Trace Development

Construction

The Englewood Group and its affiliated companies Home One Development, LLC (licensed in Indiana & Illinois) and Mountain Trace Development, LLC d/b/a Englewood Building Group (licensed in Arizona) have constructed all of the units developed by The Englewood Group and its non-profit partners. They provide day-to-day oversight of all aspects of the construction process and strive to build the highest quality product at the most affordable price. Three (3) developments (Effingham, Nashville and Village Apartments of Brazil) were recognized by USDA-Rural Development as "Projects of the Year."



Village Management Company

Vasil Management Company, Inc. d/b/a Village Management Company (VMC) is the property management agent for most of the properties that have been developed by The Englewood Group. The company is based in Indianapolis, IN, with an additional office location in Apache Junction, AZ. Vasil is certified as a Women-owned Business Enterprise (WBE) in the state of Indiana.

VMC manages sixty (60) rental properties, totaling in excess of over 2,200 rental units. Its portfolio consists primarily of affordable rental communities, with some market rate rental properties and commercial office space.

A management team consisting of Regional Managers and a Compliance Specialist supervise and train local, on-site managers. The VMC team excels in ensuring its properties are well maintained and operated. In addition to operating financially successful developments, VMC strives to create a beautiful home and community environment for its residents.

Experience with Government Housing Programs

- ◆ Low Income Housing Tax Credit Program (IRC Section 42)
- ◆ HUD Section 8 Program
- ◆ Rural Rental Housing Program – Section 515
- ◆ Rural Development Farm Labor Housing Program – Section 514
- ◆ Rural Development Section 538 Program

Continuing Education and Training

VMC employs 5 full-time Compliance Specialists between its Indiana and Arizona offices who provides both oversight and training to all property management staff on all compliance issues.

To ensure proper management and compliance with all applicable housing programs and fair housing regulations, the staff is also involved in numerous forms of continuing education and training including;

- ◆ STAR Spectrum Seminar Series
- ◆ Elizabeth Moreland Consulting, Inc. Seminars
- ◆ Rural Economic and Community Development Annual Meetings
- ◆ State Housing Agency Sponsored Seminars
- ◆ Apartment Association of Indiana Education Classes
- ◆ Fair Housing Seminars

Award Winning Results

Three properties have earned the "Property of the Year Award" from Rural Economic and Community Development:

- ◆ Village Apartments of Effingham
- ◆ Village Apartments of Nashville
- ◆ Village Apartments of Brazil

Three properties have earned State of Indiana Site Manager of the Year Award from Rural Development:

- ◆ Village Apartments of Mount Vernon- Senior Project (2010)
- ◆ Village Apartments of Scottsburg II- Family Project (2010)
- ◆ Village Apartments of Brownstown II- Family Project (2011)

Village Apartments of Scottsburg II went on to win Rural Development's 2010 National Site Manager of the Year Award for family projects & Village Apartments of St. Joseph won the 2012 Award for senior projects after they also won the State of Illinois Site Manager of the Year Award..

Biographies

Michael J. Surak is the President and founder of Englewood Development Company, Inc. (EDC), and Venture Design Group, LLC. Mr. Surak oversees all construction functions within all companies. Under his leadership, more than 2,700 units of rental housing and one commercial medical office facility have been constructed and managed by his companies. Prior to forming EDC, he was active in commercial real estate and finance. Mr. Surak holds a degree in Economics from Milliken University.

Gina Dillman Hoskins, C.P.A., is the Chief Financial Officer of the companies and President of Vasil Management Company, Inc. (VMC) and the President of Housing Directions, LLC (HD). Prior to joining The Englewood Group in 1998, Ms. Hoskins gained almost twenty years experience as a Manager/Certified Public Accountant for K.B. Parrish & Co., LLP. Ms. Hoskins specialized in real estate taxation and has worked with the Low-Income Housing Tax Credit program since its inception. She is responsible for all financial aspects of construction, development and management for The Englewood Group, including new project feasibility and financing applications. Ms. Hoskins is a licensed Certified Public Accountant. Ms. Hoskins earned a Bachelor of Science degree in Accounting from Indiana University, and is a current member of the American Institute of Certified Public Accountants and the Indiana CPA Society.

Julie Tucker is the Vice President of Asset Management for VMC. Ms. Tucker has fifteen years of experience with the affordable housing community which includes accounting for LIHTC acquisition/rehabilitation properties, financial analysis of existing portfolios, and interaction with investors throughout the life of each project. Her certifications include National Compliance Professional (LIHTC), Assisted Housing Manager (HUD) and S.T.A.R. (USDA) designation. Ms. Tucker is also a voting board member of the Affordable Housing Association of Indiana. She devotes the majority of time monitoring projects for compliance with state housing authorities and other programs and financial monitoring of property operations. Prior to joining VMC in 2001, she served as a financial executive in various capacities. Ms. Tucker earned a Bachelor of Science degree in Accounting from University of Indianapolis.

Mary Compton is the Chief Operating Office of VMC and has thirteen years of experience with affordable housing and is also a licensed Realtor in Indiana and Arizona with a special designation of SRES, Senior Real Estate Specialist. Selling and custom building single family homes for over 20 years prior to working with VMC allowed Ms. Compton to gain the experience necessary to manage the over 60 properties currently in the portfolio. Her oversight of the property management operations of VMC and working closely with the individual sites enables Ms. Compton to stay closely connected to all the properties. Ms. Compton attended Indiana University.

Nick Surak is responsible for new property development and acquisitions and joined The Englewood Group in 2009 after previously developing affordable housing in metropolitan Washington, D.C. Mr. Surak also has experience in the management of LIHTC, Section 8, and Section 515 properties, and is a certified Site Compliance Specialist. Prior to entering the field of affordable housing, Mr. Surak worked as a senior legislative assistant for a member of the House of Representatives Committee on Ways and Means. Mr. Surak holds a Bachelor of Arts degree in Political Science from Marquette University.

Brian R. Pozen, CGP, is responsible for the oversight, coordination and management of the development, design, construction and maintenance of affordable housing for The Englewood Group as well as enhancing and building not-for-profit partner relationships. Since he joined the team in 2001, over 1100 LIHTC units have been awarded and completed, totaling over \$115 million. Mr. Pozen has been recognized as a Certified Green Professional (CGP) by the National Association of Home Builders and provides energy efficiency consultant services for new and existing development and is also an active member of the Urban Land Institute. Prior to 2001, he worked for an Indianapolis architectural firm. Mr. Pozen earned a Bachelor of Science in Architectural Studies from the University of Illinois at Urbana-Champaign.

Select References

ARIZONA

Non Profits:

Donald Strauch
Executive Director
TMM Family Services, Inc.
1550 North Country Club Road
Tucson, Arizona 85716
Phone 520-322-9557

Architect:

Greg Zimmerman
President
G.M. Zimmerman – Architect
P.O. Box 5402
Carefree, AZ 85377
Phone 480-907-7650

Construction:

Mike Wareing
President
Decca Design Build, Inc.
16050 N. 76th, Suite 101
Scottsdale, Arizona 85260
Phone 480-609-3066

Banks:

Derek Shreiner
Vice President, Commercial Banker
National Bank of Arizona
804 S. Beeline Highway
Payson, AZ 85541
Phone 928-468-0499

Investors:

Jason Barrios
Acquisitions Manager
National Equity Fund, Inc.
29518 N. 21st Avenue
Phoenix, AZ 85085
Phone 623-587-0791

Cities/Towns:

Phil Isaacson
Housing Development Specialist
City of Phoenix Housing Department
251 W. Washington Street, 4th Floor
Phoenix, AZ 85003
Phone 602-262-6017

INDIANA

David L. Miller
CEO
Hoosier Uplands
500 West Main Street
Mitchell, Indiana 47446
Phone 812-849-4447

Dave Gibson
President
A3design, PC
5150 N. Delaware Street
Indianapolis, IN 46202
Phone 317-423-0718

John Thompson
President
Thompson Thrift Construction, Inc.
901 Wabash Avenue; Suite 300
Terre Haute, IN 47807
Phone 812-235-5959

Joe B. Hauersperger
Senior Commercial Banker
German American
Columbus Market
Phone 317-512-5813

Charles Anderson
Senior Vice President
City Real Estate Advisors, Inc.
30 S. Meridian Street; Suite 600
Indianapolis, IN 46204
Phone 317-808-7365

Bill Boyer
City Engineer
City of Angola
210 North Public Square
Angola, IN 46703
Phone 260-665-6748

The Englewood Group Experience - June 2012

| Project Name | Project City | Project State | Number of Units | Const. Type | Total Project Cost | Date Completed |
|-------------------------------------|---------------|---------------|-----------------|-------------|----------------------|----------------|
| The Crossings at Apache Junction | Apache Jct. | AZ | 117 | NC | \$7,278,000 | 8/31/2000 |
| Plaza Manuel Ortega | El Mirage | AZ | 80 | NC | \$6,136,000 | 10/1/2003 |
| Tom A'e | Guadalupe | AZ | 65 | NC | \$9,887,000 | 10/27/2010 |
| Nuestra Senora | Guadalupe | AZ | 72 | NC | \$10,556,000 | 1/12/2009 |
| Marana Apartments | Marana | AZ | 80 | NC | \$5,893,000 | 10/23/2003 |
| Canal Senior Apartments | Payson | AZ | 63 | NC | \$5,149,000 | 12/22/2005 |
| Rehoboth Place | Phoenix | AZ | 47 | NC | \$7,381,000 | 3/28/2011 |
| Quartzsite Senior Apartments | Quartzsite | AZ | 40 | NC | \$3,290,000 | 11/1/2005 |
| Las Casas de Quartzsite | Quartzsite | AZ | 40 | NC | \$4,654,000 | 1/26/2007 |
| Gila River Apartments | Thatcher | AZ | 40 | NC | \$4,039,000 | 12/8/2006 |
| Gila River Apartments II | Thatcher | AZ | 40 | NC | \$4,514,000 | 12/28/2006 |
| Willcox Apartments | Willcox | AZ | 40 | NC | \$3,828,000 | 9/30/2005 |
| Aurora Village | Youngtown | AZ | 65 | NC | \$10,236,997 | est 12/31/2013 |
| River Bend Apartments | Youngtown | AZ | 83 | NC | \$4,316,000 | 3/1/2002 |
| River Bend Apartments II | Youngtown | AZ | 56 | NC | \$4,206,000 | 3/1/2005 |
| Village Apartments of Auburn | Auburn | IL | 24 | NC | \$833,708 | 6/1/1984 |
| Village Apartments of Centralia I | Centralia | IL | 24 | NC | \$615,464 | 5/1/1985 |
| Village Apartments of Centralia II | Centralia | IL | 24 | NC | \$993,364 | 2/22/1990 |
| Highland Place | Charleston | IL | 72 | NC | \$4,710,556 | 2/23/1999 |
| Village Apartments of Clinton | Clinton | IL | 24 | NC | \$859,318 | 8/1/1983 |
| Village Apartments of Clinton II | Clinton | IL | 24 | NC | \$1,033,611 | 5/29/1992 |
| Village Apartments of Effingham | Effingham | IL | 24 | NC | \$980,060 | 5/21/1991 |
| Village Apartments of Effingham II | Effingham | IL | 32 | NC | \$1,927,193 | 6/18/1998 |
| Village Apartments of Fairfield | Fairfield | IL | 32 | NC | \$1,353,337 | 9/9/1994 |
| Village Apartments of Hillsboro | Hillsboro | IL | 25 | NC | \$856,332 | 4/1/1986 |
| Village Apartments of Nashville | Nashville | IL | 36 | NC | \$1,391,733 | 8/1/1985 |
| Village Apartments of Nashville II | Nashville | IL | 24 | NC | \$1,019,973 | 12/13/1994 |
| Village Apartments of St. Joseph I | St. Joseph | IL | 24 | NC | \$810,189 | 12/1/1984 |
| Village Apartments of St. Joseph II | St. Joseph | IL | 24 | NC | \$972,910 | 11/1/1990 |
| Northcrest Apartments | Angola | IN | 28 | NC | \$1,958,854 | 10/15/2002 |
| Northcrest Apartments II | Angola | IN | 28 | NC | \$1,958,854 | 4/1/2002 |
| Village Apartments of Bloomfield | Bloomfield | IN | 24 | NC | \$714,532 | 10/1/1983 |
| Shawnee Apartments | Bedford | IN | 56 | NC | \$3,496,643 | 10/1/2000 |
| Village Apartments of Brazil | Brazil | IN | 32 | NC | \$1,318,400 | 1/1/1992 |
| Village Apartments of Brownstown | Brownstown | IN | 24 | NC | \$784,171 | 9/1/1980 |
| Village Apartments of Brownstown II | Brownstown | IN | 24 | NC | \$981,534 | 12/1/1992 |
| Village Apartments of Cicero | Cicero | IN | 24 | NC | \$598,571 | 12/1/1978 |
| Village Apartments of Corydon | Corydon | IN | 48 | NC | \$2,934,938 | 7/31/1999 |
| Village Apartments of Corydon II | Corydon | IN | 40 | NC | \$2,791,080 | 5/28/2003 |
| Village Apartments of Crothersville | Crothersville | IN | 32 | NC | \$1,015,448 | 1/1/1981 |
| Village Apartments of Fortville I | Fortville | IN | 24 | NC | \$714,521 | 4/1/1981 |
| Village Apartments of Fortville II | Fortville | IN | 24 | NC | \$809,473 | 5/11/1988 |
| Village Apartments of Fortville III | Fortville | IN | 40 | NC | \$2,099,953 | 8/26/1997 |
| Gas City School Apartments | Gas City | IN | 19 | Historic | \$2,559,000 | 9/1/2005 |
| Somerset Place | Greenwood | IN | 73 | NC | \$3,700,000 | 8/1/1997 |
| Maple Court Place | Goshen | IN | 60 | NC | \$7,650,862 | 12/20/2011 |
| College Park Apartments | Indianapolis | IN | 49 | NC | \$3,000,000 | 8/1/1987 |
| Englewood Lofts | Indianapolis | IN | 24 | Rehab | \$5,144,065 | est 12/31/2013 |
| RA Streb Complex | Kendallville | IN | 24 | NC | \$1,800,000 | 8/1/2005 |
| Englewood Place | Lawrenceburg | IN | 40 | NC | \$1,747,550 | 4/4/1995 |
| Towne Village Apartments | Ligonier | IN | 28 | NC | \$1,960,000 | 12/31/2004 |
| Valley Court Apartments | Madison | IN | 48 | NC | \$2,928,567 | 9/1/2000 |
| Village Apartments of Marengo | Marengo | IN | 24 | NC | \$1,319,852 | 7/1/1996 |
| Pioneer Creek Apartments | Mitchell | IN | 28 | NC | \$1,937,000 | 5/10/2002 |
| Village Apartments of Morgantown | Morgantown | IN | 24 | NC | \$955,191 | 7/16/1990 |
| Village Apartments of Mount Vernon | Mt. Vernon | IN | 37 | NC | \$1,359,021 | 9/1/1993 |
| Village Apartments of N. Vemon II | North Vemon | IN | 24 | NC | \$758,182 | 9/1/1981 |
| Cedar Cliff Apartments | Richmond | IN | 42 | NC | \$2,370,254 | 12/20/1996 |
| East Ridge Apartments | Richmond | IN | 40 | NC | \$2,600,000 | 12/17/1999 |
| Hoosier Haven Apartments | Rising Sun | IN | 28 | NC | \$2,178,957 | 5/31/2001 |
| Arbor Woods Apartments | Rochester | IN | 56 | NC | \$4,600,000 | 12/21/2006 |
| Village Apartments of Scottsburg | Scottsburg | IN | 32 | NC | \$928,068 | 10/1/1982 |
| Village Apartments of Scottsburg II | Scottsburg | IN | 40 | NC | \$1,745,817 | 8/7/1995 |
| Oak Hill Apartments | Seymour | IN | 48 | NC | \$2,750,818 | 7/1/1997 |
| Oak Hill Apartments II | Seymour | IN | 24 | NC | \$1,808,103 | 7/16/2001 |
| Village Apartments of Seymour | Seymour | IN | 24 | NC | \$743,577 | 3/1/1983 |
| Village Apartments of Seymour II | Seymour | IN | 37 | NC | \$1,513,001 | 5/20/1991 |
| Shields Crossing | Seymour | IN | 42 | NC | \$5,804,965 | 10/28/2011 |
| Village Apartments of Shoals | Shoals | IN | 24 | NC | \$1,067,553 | 7/15/1996 |
| Village Apartments of Summitville | Summitville | IN | 24 | NC | \$879,511 | 10/28/1988 |
| Village Apartments of Taylorsville | Taylorsville | IN | 24 | NC | \$731,714 | 10/1/1984 |
| Village Apartments of Tell City | Tell City | IN | 32 | NC | \$1,316,426 | 7/2/1992 |
| Willow Park at Beyer Farm | Warsaw | IN | 66 | R/NC | \$7,586,493 | est 12/31/2013 |
| Total | | | 2854 | | \$207,502,064 | |



September 12, 2012

Bozeman School District – BSD7 Facilities
PO Box 520
Bozeman MT 59771-0520

Attn: Kevin Barre
Re: East Willson School RFI

Dear Sirs:

Thank you for taking the time last week to escort me on a tour of the building.

McCarthy Properties is a real estate development and management company located in Rapid City, South Dakota. The business has operated for 30 years in conjunction with MAC Construction, another family owned business which started in 1974.

Both companies specialize in the restoration of Historic properties. McCarthy Properties currently owns 5 properties listed on the National Historic Register of Buildings and MAC Construction has completed over 40 projects on the National Historic Register for other owners as well as for McCarthy Properties. The two principals in the businesses are Peter Anderson and Stephen McCarthy (please see the attached resumes). Also attached are pictures of 4 recent projects we have collaborated on (three of which we own and one where we acted as Construction Manager and General Contractor).

McCarthy Properties completed a 2.5 million dollar historic restoration project on the 1921 School Building in Brookings, South Dakota that has many of the same attributes of the Willson School. Like the Willson School the building is approximately 45,000 square foot, on the National Historic Register, was the original high school for the community, is located in the core of downtown of a state university city, is across the street from the County Courthouse, adjacent to another later built school and next to an historic Church.

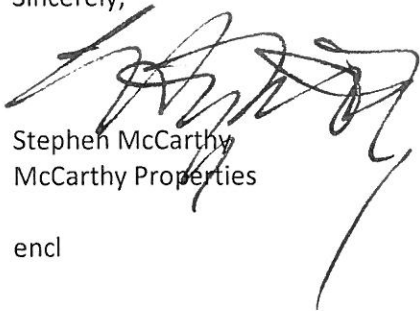
The school was vacated in 1998 and stood empty for 5 years as local officials struggled with various options. The School District gave the building to the County which subsequently attempted a 5.5 million dollar bond issue to renovate the space for their own office needs. The issue was defeated. The County Commission voted to demolish the building, but that decision was referred by the voters and overturned. At that point McCarthy Properties bought the building for one dollar and one year later reopened the building as an 18 unit market rate apartment complex that also included a 10,000 square foot commercial space and a lower level garage for tenants (see the attached before and after pictures and newspaper article). McCarthy Properties continues to own the building with a local partner and the project has enjoyed a 97% occupancy rate over the last 8 years. The adjacent school has been remodeled for commercial use and the repurposing of both building has spurred further downtown commercial and residential development.

McCarthy Properties vision for the building is a 20-30 unit apartment complex to be rented at market rate. We would attempt to find a local partner to joint venture the project and use local contractors to complete the work. Financing would be provided with a traditional commercial mortgage. We presently have mortgages with banks that have offices in Bozeman (Wells Fargo and First Interstate) and if the feasibility study is favorable do not anticipate any problem in securing long term financing. Based on our experiences I would estimate the following timeline:

- 90 days to complete a feasibility study that would address the structural, environmental, parking, architectural and economic concerns.
- 60 additional days to finalize construction documents and 30 additional days to secure final financing and necessary government approvals.
- 365 days to complete construction.

We feel our long term involvement in the development, management and construction of historic projects is unique and that our successful experience in Brookings makes us especially suited for the challenges provided by the East Willson School. I have tried to keep the proposal as brief as possible but look forward to the opportunity to discuss this project with you at length.

Sincerely,



Stephen McCarthy
McCarthy Properties

encl

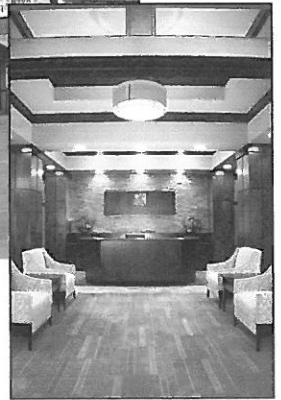
Intentionally Left Blank

Intentionally Left Blank

Intentionally Left Blank

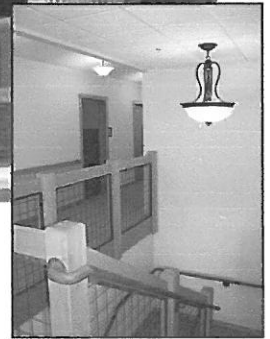


Name: Downtown Elks Building (Historic Remodel)
 Owner: Downtown Elks LLC
 Square ft: 20,000
 Date completed: 2011
 Cost: 3.5 million



Name: Knights of Columbus Office Building (Remodel)
 Owner: Knights LLC
 Square ft: 13,000
 Date Completed: 2008
 Cost: 2 million





Name: Jackson Park Offices (New Building)
Owner: Jackson Park LLC
Square ft: 10,000
Date Completed: 2006
Cost: 1.6 million



Name: Saint Martin's Monastery (New Building)
Owner: Sisters of St. Martin's
Square ft: 30,000
Date Completed: 2009
Cost: 5.8 million
Construction Manager: McCarthy Properties
General Contractor: MAC Construction

1921 Project

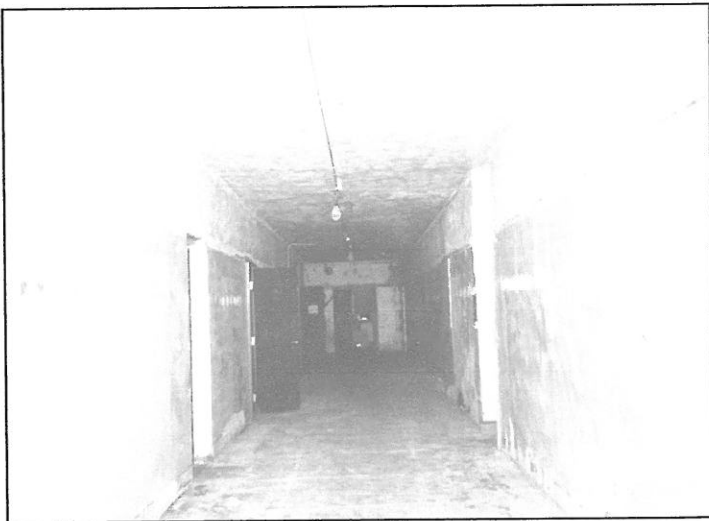
Before



After



Before



After



1921 Project

Before



After



Before



After



THURSDAY

The Brookings **Register**

RA BROOKINGS BRUCE BUSHNELL COLMAN EGAN ELKTON ESTELLINE FLANDREAU NUNDA RUTL

Celebrating a 'rebirth'

